

QUARTERLY STATEMENT

OF THE

Delta Dental Plan of Arkansas, Inc.

Delta Dental Plan

Of

Arkansas, Inc.

of Sherwood

in the state of Arkansas

TO THE

Insurance Department

OF THE

STATE OF ARKANSAS

FOR THE QUARTER ENDED

June 30, 2004

HEALTH

2004



47155200420100102

HEALTH QUARTERLY STATEMENT

AS OF June 30, 2004

OF THE CONDITION AND AFFAIRS OF THE

Delta Dental Plan of Arkansas, Inc.

NAIC Group Code 0000 (Current Period) 0000 (Prior Period) NAIC Company Code 47155 Employer's ID Number 71-0561140

Organized under the Laws of Arkansas, State of Domicile or Port of Entry Arkansas

Country of Domicile US

Licensed as business type: Life, Accident & Health [] Property/Casualty [] Hospital, Medical & Dental Service or Indemnity [] Dental Service Corporation [X] Vision Service Corporation [] Health Maintenance Organization [] Other [] Is HMO Federally Qualified? YES [] NO []

Date Incorporated or Organized: March 15, 1982 Date Commenced Business: August 1, 1982

Statutory Home Office: 1513 Country Club Sherwood, AR 72120

Main Administrative Office: 1513 Country Club Sherwood, AR 72120 501-835-3400

Mail Address: 1513 Country Club Sherwood, AR 72120

Primary Location of Books and Records: 1513 Country Club Sherwood, AR 72120 501-835-3400

Internet Website Address: www.deltadentalar.com

Statutory Statement Contact: Phyllis Rogers 501-992-1616 00000 progers@deltadentalar.com 501-992-1617

Policyowner Relations Contact: 1513 Country Club Sherwood, AR 72120 501-835-3400 00000

OFFICERS

Name	Title
1. Eddie Allen Choate	President & CEO
2. Ebb Weldon Johnson	Secretary
3. Harold Perrin	Treasurer

Vice-Presidents

Name	Title	Name	Title
Ina Lynn Harbert	Senior Vice President/COO	Phyllis Lynn Rogers	Senior Vice President/CFO
Herman Eldon Hurd	Vice President, Professional Relations	Lynne Belue Lawrence	Vice President, Marketing
Allen Dale Moore	Vice President, Information Technology		

DIRECTORS OR TRUSTEES

David Hiram Cole	Ronald Paul Ownbey	Harold Wayne Perrin	Robert Joe Matlock
Maxwell Usery Fleming	Earl Alexander Gladden	Robert Howard Gladden	Ebb Weldon Johnson
James Talbert Johnston	Daniel Austin Lieblong	Byron Scott Southern	

State of Arkansas
County of Pulaski ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)	(Signature)	(Signature)
Eddie Allen Choate	Ebb Weldon Johnson	Not Required
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
President & CEO	Secretary	Treasurer
(Title)	(Title)	(Title)

Subscribed and sworn to before me this 10th day of August, 2004

a. Is this an original filing? YES [X] NO []

b. If no: 1. State the amendment number 2. Date filed 3. Number of pages attached

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	15,572,846		15,572,846	15,277,123
2. Stocks:				
2.1 Preferred stocks				
2.2 Common stocks	3,225,672		3,225,672	3,176,561
3. Mortgage loans on real estate:				
3.1 First liens				
3.2 Other than first liens				
4. Real estate:				
4.1 Properties occupied by the company (less \$ 0 encumbrances)	6,454,658	3,042,542	3,412,116	2,647,358
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)	964,453		964,453	381,819
5. Cash (\$ 3,608,895), cash equivalents (\$ 0) and short-term investments (\$ 0)	3,608,895		3,608,895	4,294,935
6. Contract loans (including \$ 0 premium notes)				
7. Other invested assets				
8. Receivable for securities				
9. Aggregate write-ins for invested assets	106,798		106,798	72,406
10. Subtotals, cash and invested assets (Lines 1 to 9)	29,933,322	3,042,542	26,890,780	25,850,202
11. Investment income due and accrued	137,269		137,269	121,518
12. Premiums and considerations:				
12.1 Uncollected premiums and agents' balances in the course of collection	302,317		302,317	
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)				
12.3 Accrued retrospective premiums				
13. Reinsurance:				
13.1 Amounts recoverable from reinsurers				
13.2 Funds held by or deposited with reinsured companies				
13.3 Other amounts receivable under reinsurance contracts				
14. Amounts receivable relating to uninsured plans	5,951,439		5,951,439	3,050,683
15.1 Current federal and foreign income tax recoverable and interest thereon				
15.2 Net deferred tax asset				
16. Guaranty funds receivable or on deposit				
17. Electronic data processing equipment and software	757,418		757,418	891,578
18. Furniture and equipment, including health care delivery assets (\$ 0)	695,321	695,321		
19. Net adjustment in assets and liabilities due to foreign exchange rates				
20. Receivables from parent, subsidiaries and affiliates	81,309		81,309	41,093
21. Health care (\$ 0) and other amounts receivable				336,692
22. Other assets nonadmitted				
23. Aggregate write-ins for other than invested assets	60,356	59,727	629	
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	37,918,751	3,797,590	34,121,161	30,291,766
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	37,918,751	3,797,590	34,121,161	30,291,766

DETAILS OF WRITE-INS				
0901. 457 Deferred Compensation Plan	106,798		106,798	72,406
0902.				
0903.				
0998. Summary of remaining write-ins for Line 09 from overflow page				
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)	106,798		106,798	72,406
2301. PREPAID EXPENSES	59,727	59,727		
2302. MISCELLANEOUS RECEIVABLE	629		629	
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	60,356	59,727	629	

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ 0 reinsurance ceded)	2,680,000		2,680,000	2,900,000
2. Accrued medical incentive pool and bonus amounts				
3. Unpaid claims adjustment expenses	118,321		118,321	128,083
4. Aggregate health policy reserves				
5. Aggregate life policy reserves				
6. Property/casualty unearned premium reserve				
7. Aggregate health claim reserves				
8. Premiums received in advance	1,055,213		1,055,213	624,112
9. General expenses due or accrued	1,271,309		1,271,309	1,377,311
10.1 Current federal and foreign income tax payable and interest thereon (including \$ 0 on realized gains (losses))				
10.2 Net deferred tax liability				
11. Ceded reinsurance premiums payable				
12. Amounts withheld or retained for the account of others	656,285		656,285	524,637
13. Remittances and items not allocated				
14. Borrowed money (including \$ 0 current) and interest thereon \$ 0 (including \$ 0 current)	2,000,000		2,000,000	2,000,000
15. Amounts due to parent, subsidiaries and affiliates				
16. Payable for securities				
17. Funds held under reinsurance treaties with (\$ 0 authorized reinsurers and \$ 0 unauthorized reinsurers)				
18. Reinsurance in unauthorized companies				
19. Net adjustments in assets and liabilities due to foreign exchange rates				
20. Liability for amounts held under uninsured accident and health plans	2,413,242		2,413,242	2,324,857
21. Aggregate write-ins for other liabilities (including \$ 0 current)				65,000
22. Total liabilities (Lines 1 to 21)	10,194,370		10,194,370	9,944,000
23. Common capital stock	X X X	X X X		
24. Preferred capital stock	X X X	X X X		
25. Gross paid in and contributed surplus	X X X	X X X		
26. Surplus notes	X X X	X X X		
27. Aggregate write-ins for other than special surplus funds	X X X	X X X	50,000	50,000
28. Unassigned funds (surplus)	X X X	X X X	23,876,791	20,297,766
29. Less treasury stock, at cost:				
29.1 0 shares common (value included in Line 23 \$ 0)	X X X	X X X		
29.2 0 shares preferred (value included in Line 24 \$ 0)	X X X	X X X		
30. Total capital and surplus (Lines 23 to 28 minus Line 29)	X X X	X X X	23,926,791	20,347,766
31. Total liabilities, capital and surplus (Lines 22 and 30)	X X X	X X X	34,121,161	30,291,766

DETAILS OF WRITE-INS				
2101. Accrued premium tax				65,000
2102.				
2103.				
2198. Summary of write-ins for Line 21 from overflow page				
2199. Totals (Lines 2101 through 2103 plus 2198) (Line 21 above)				65,000
2701. Deposit required by the Arkansas Insurance Department	X X X	X X X	50,000	50,000
2702.	X X X	X X X		
2703.	X X X	X X X		
2798. Summary of write-ins for Line 27 from overflow page	X X X	X X X		
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)	X X X	X X X	50,000	50,000

STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date		Prior Year To Date
	1	2	3
	Uncovered	Total	Total
1. Member Months	X X X	686,771	660,796
2. Net premium income (including \$ 0 non-health premium income)	X X X	26,065,710	23,968,017
3. Change in unearned premium reserves and reserve for rate credits	X X X		
4. Fee-for-service (net of \$ 0 medical expenses)	X X X		
5. Risk revenue	X X X		
6. Aggregate write-ins for other health care related revenues	X X X		
7. Aggregate write-ins for other non-health revenues	X X X		
8. Total revenues (Lines 2 to 7)	X X X	26,065,710	23,968,017
Hospital and Medical:			
9. Hospital/medical benefits		21,893,395	20,806,059
10. Other professional services			
11. Outside referrals			
12. Emergency room and out-of-area			
13. Prescription drugs			
14. Aggregate write-ins for other hospital and medical			
15. Incentive pool, withhold adjustments, and bonus amounts			
16. Subtotal (Lines 9 to 15)		21,893,395	20,806,059
Less:			
17. Net reinsurance recoveries			
18. Total hospital and medical (Lines 16 minus 17)		21,893,395	20,806,059
19. Non-health claims			
20. Claims adjustment expenses, including \$ 0 cost containment expenses		1,014,943	1,052,698
21. General administrative expenses		1,460,527	1,295,200
22. Increase in reserves for life and accident and health contracts (including \$ 0 increase in reserves for life only)			
23. Total underwriting deductions (Lines 18 through 22)		24,368,865	23,153,957
24. Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	1,696,845	814,060
25. Net investment income earned		335,874	281,848
26. Net realized capital gains (losses)		5,053	775
27. Net investment gains (losses) (Lines 25 plus 26)		340,927	282,623
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ 0) (amount charged off \$ 0)]			
29. Aggregate write-ins for other income or expenses		14,939	93,036
30. Net income or (loss) before federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	2,052,711	1,189,719
31. Federal and foreign income taxes incurred	X X X		
32. Net income (loss) (Lines 30 minus 31)	X X X	2,052,711	1,189,719

DETAILS OF WRITE-INS			
0601.	X X X		
0602.	X X X		
0603.	X X X		
0698. Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X		
0701.	X X X		
0702.	X X X		
0703.	X X X		
0798. Summary of remaining write-ins for Line 07 from overflow page	X X X		
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above)	X X X		
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)			
2901. MISCELLANEOUS INCOME		14,939	16,378
2902. OCCUPANCY OF OWN BUILDING INCOME			76,658
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page			
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)		14,939	93,036

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1	2
	Current Year To Date	Prior Year
CAPITAL & SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year	20,347,766	21,357,617
GAINS AND LOSSES TO CAPITAL & SURPLUS		
34. Net income or (loss) from Line 32	2,052,711	2,796,496
35. Change in valuation basis of aggregate policy and claim reserves		
36. Net unrealized capital gains and losses	90,535	646,270
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax		
39. Change in nonadmitted assets	1,435,779	(4,452,617)
40. Change in unauthorized reinsurance		
41. Change in treasury stock		
42. Change in surplus notes		
43. Cumulative effect of changes in accounting principles		
44. Capital Changes:		
44.1 Paid in		
44.2 Transferred from surplus (Stock Dividend)		
44.3 Transferred to surplus		
45. Surplus adjustments:		
45.1 Paid in		
45.2 Transferred to capital (Stock Dividend)		
45.3 Transferred from capital		
46. Dividends to stockholders		
47. Aggregate write-ins for gains or (losses) in surplus		
48. Net change in capital and surplus (Lines 34 to 47)	3,579,025	(1,009,851)
49. Capital and surplus end of reporting period (Line 33 plus 48)	23,926,791	20,347,766

DETAILS OF WRITE-INS		
4701.		
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page		
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)		

CASH FLOW

Cash from Operations	1 Current Year To Date	2 Prior Year Ended December 31
1. Premiums collected net of reinsurance	26,090,085	48,776,599
2. Net investment income	240,624	524,684
3. Miscellaneous income	14,939	25,247
4. Total (Lines 1 to 3)	26,345,648	49,326,530
5. Benefit and loss related payments	22,113,395	40,545,009
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	2,100,548	5,249,348
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) \$ 0 net tax on capital gains (losses)		
10. Total (Lines 5 through 9)	24,213,943	45,794,357
11. Net cash from operations (Line 4 minus Line 10)	2,131,705	3,532,173
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	2,726,666	3,572,167
12.2 Stocks		
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds		1,103,735
12.8 Total investment proceeds (Lines 12.1 to 12.7)	2,726,666	4,675,902
13. Cost of investments acquired (long-term only):		
13.1 Bonds	3,054,415	4,337,449
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate	18,259	4,242,283
13.5 Other invested assets		
13.6 Miscellaneous applications		
13.7 Total investments acquired (Lines 13.1 to 13.6)	3,072,674	8,579,732
14. Net increase (or decrease) in policy loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(346,008)	(3,903,830)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		2,000,000
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	(2,471,737)	(421,488)
17. Net cash from financing and miscellaneous sources (Line 16.1 through 16.4 minus Line 16.5 plus 16.6)	(2,471,737)	1,578,512
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
18. Net change in cash and short-term investments (Line 11, plus Lines 15 and 17)	(686,040)	1,206,855
19. Cash and short-term investments:		
19.1 Beginning of year	4,294,935	3,088,080
19.2 End of period (Line 18 plus Line 19.1)	3,608,895	4,294,935

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001.		
20.0002.		
20.0003.		

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10	11	12	13
	Total	2 Individual	3 Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
Total Members at end of:													
1. Prior Year	113,338					113,338							
2. First Quarter	114,878					114,878							
3. Second Quarter	114,741					114,741							
4. Third Quarter													
5. Current Year	114,741					114,741							
6. Current Year Member Months	686,771					686,771							
Total Member Ambulatory Encounters for Period:													
7. Physician													
8. Non-Physician													
9. Total													
10. Hospital Patient Days Incurred													
11. Number of Inpatient Admissions													
12. Health Premiums Written	26,065,711					26,065,711							
13. Life Premiums Direct													
14. Property/Casualty Premiums Written													
15. Health Premiums Earned	26,065,711					26,065,711							
16. Property/Casualty Premiums Earned													
17. Amount Paid for Provision of Health Care Services	22,113,395					22,113,395							
18. Amount Incurred for Provision of Health Care Services	21,893,395					21,893,395							

Statement as of June 30, 2004 of the **Delta Dental Plan of Arkansas, Inc.**

CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)
Aging Analysis of Unpaid Claims

[illegible]

UNDERWRITING AND INVESTMENT EXHIBIT
ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid Dec. 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability Dec. 31 of Prior Year
1. Comprehensive (hospital and medical)						
2. Medicare Supplement						
3. Dental only	2,664,488	19,448,907	105,000	2,575,000	2,769,488	2,900,000
4. Vision only						
5. Federal Employees Health Benefits Plan						
6. Title XVIII - Medicare						
7. Title XIX - Medicaid						
8. Other health						
9. Health subtotal (Lines 1 to 8)	2,664,488	19,448,907	105,000	2,575,000	2,769,488	2,900,000
10. Other non-health						
11. Medical incentive pools and bonus amounts						
12. Totals	2,664,488	19,448,907	105,000	2,575,000	2,769,488	2,900,000

NOTES TO FINANCIAL STATEMENTS

1. The accompanying financial statements of the Corporation have been prepared in conformity with the NAIC Quarterly Statement Instructions and Accounting Practices and Procedures manual.

2. Events Subsequent:

The Corporation has entered into an Administrative Services Agreement with a local Third Party Administrator, CoreSource, Inc. Under this agreement, the Corporation will provide Delta Dental's dental coverage to group employers contracting with CoreSource for their TPA services. The Corporation will share in the administration of these contracts by providing claims payment, customer service, billing and eligibility support and other services necessary to administer these contracts. This agreement is the first of this nature for the Corporation. The Corporation plans to contract with other TPAs in similar arrangements in the future.

The Corporation has no other material subsequent events affecting this report since the filing of our 2003 Annual Statement.

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted)

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1

Did the reporting entity implement any significant accounting policy changes which would require disclosure in the Notes to the Financial Statements?

Yes [☐] No [☒ X]
- 1.2

If yes, explain:
- 2.1

Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act?

Yes [☐] No [☒ X]
- 2.2

If yes, has the report been filed with the domiciliary state?

Yes [☐] No [☒ X]
- 3.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes [☐] No [☒ X]
- 3.2

If yes, date of change:

If not previously filed, furnish herewith a certified copy of the instrument as amended.
4.

Have there been any substantial changes in the organizational chart since the prior quarter end?

If yes, complete the Schedule Y - Part 1 - organizational chart.

Yes [☐] No [☒ X]
- 5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes [☐] No [☒ X]
- 5.2

If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

6.

If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved?

If yes, attach an explanation.

Yes [☐] No [☒ X] N/A [☐]
- 7.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

02/18/2003
- 7.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

02/18/2003
- 7.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

02/18/2003
- 7.4

By what department or departments? Arkansas Insurance Department
- 8.1

Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.)

Yes [☐] No [☒ X]
- 8.2

If yes, give full information
- 9.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes [☐] No [☒ X]
- 9.2

If response to 9.1 is yes, please identify the name of the bank holding company.
- 9.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes [☐] No [☒ X]
- 9.4

If response to 9.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC

GENERAL INTERROGATORIES (Continued)

INVESTMENT

- 10.1

Has there been any change in the reporting entity's own preferred or common stock?

Yes [] No [X]
- 10.2

If yes, explain
- 11.1

Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.)

Yes [] No [X]
- 11.2

If yes, give full and complete information relating thereto:
12.

Amount of real estate and mortgages held in other invested assets in Schedule BA:

\$
13.

Amount of real estate and mortgages held in short-term investments:

\$
- 14.1

Does the reporting entity have any investments in parent, subsidiaries and affiliates?

Yes [] No [X]
- 14.2

If yes, please complete the following:

	1	2
	Prior Year-End Statement Value	Current Quarter Statement Value
14.21 Bonds	\$	\$
14.22 Preferred Stock	\$	\$
14.23 Common Stock	\$	\$
14.24 Short-Term Investments	\$	\$
14.25 Mortgages, Loans or Real Estate	\$	\$
14.26 All Other	\$	\$
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26)	\$	\$
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above	\$	\$
14.29 Receivable from Parent not included in Lines 14.21 to 14.26 above	\$	\$

- 15.1

Has the reporting entity entered into any hedging transactions reported on Schedule DB?

Yes [] No [X]
- 15.2

If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?
If no, attach a description with this statement.

Yes [] No [X]
16.

Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1-General, Section IV. H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes [X] No []
- 16.1

For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1	2
Name of Custodian(s)	Custodian Address
Stephens Capital Management	111 Center Street, Little Rock, AR 72201

16.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1	2	3
Name(s)	Location(s)	Complete Explanation(s)

- 16.3

Have there been any changes, including name changes, in the custodian(s) identified in 16.1 during the current quarter?

Yes [] No [X]
- 16.4

If yes, give full and complete information relating thereto:

1	2	3	4
Old Custodian	New Custodian	Date of Change	Reason

16.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1	2	3
Central Registration Depository	Name(s)	Address
Stephens Capital Management	Stephens Capital Management	111 Center Street, Little Rock, AR 72201

SCHEDULE A - VERIFICATION

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	7,456,217	3,249,023
2. Increase (decrease) by adjustment	(55,365)	(35,089)
3. Cost of acquired	18,259	4,242,283
4. Cost of additions to and permanent improvements		
5. Total profit (loss) on sales		
6. Increase (decrease) by foreign exchange adjustment		
7. Amount received on sales		
8. Book/adjusted carrying value at end of current period	7,419,111	7,456,217
9. Total valuation allowance		
10. Subtotal (Lines 8 plus 9)	7,419,111	7,456,217
11. Total nonadmitted amounts	3,042,542	4,427,040
12. Statement value, current period (Page 2, real estate lines, Net Admitted Assets column)	4,376,569	3,029,177

SCHEDULE B - VERIFICATION

	1	2
	Year To Date	Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest on mortgages owned, December 31 of prior year		
2. Amount loaned during period:		
2.1 Actual cost at time of acquisitions		
2.2 Additional investment made after acquisitions		
3. Accrual of discount and mortgage interest points and commitment fees		
4. Increase (decrease) by adjustment		
5. Total profit (loss) on sale		
6. Amounts paid on account or in full during the period		
7. Amortization of premium		
8. Increase (decrease) by foreign exchange adjustment		
9. Book value/recorded investment excluding accrued interest on mortgages owned at end of current period		
10. Total valuation allowance		
11. Subtotal (Lines 9 plus 10)		
12. Total nonadmitted amounts		
13. Statement value of mortgages owned at end of current period (Page 2, mortgage lines, Net Admitted Assets column)		

SCHEDULE BA - VERIFICATION
Other Invested Assets Included in Schedule BA

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value of long-term invested assets owned, December 31 of prior year		
2. Cost of acquisitions during period:		
2.1 Actual cost at time of acquisitions		
2.2 Additional investment made after acquisitions		
3. Accrual of discount		
4. Increase (decrease) by adjustment		
5. Total profit (loss) on sale		
6. Amounts paid on account or in full during the period		
7. Amortization of premium		
8. Increase (decrease) by foreign exchange adjustment		
9. Book/adjusted carrying value of long-term invested assets at end of current period		
10. Total valuation allowance		
11. Subtotal (Lines 9 plus 10)		
12. Total nonadmitted amounts		
13. Statement value of long term invested assets at end of current period (Page 2, Line 7, Column 3)		

SCHEDULE D - VERIFICATION

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	18,453,684	17,218,030
2. Cost of bonds and stocks acquired	3,054,415	4,337,449
3. Accrual of discount		
4. Increase (decrease) by adjustment	66,494	465,149
5. Increase (decrease) by foreign exchange adjustment		
6. Total profit (loss) on disposal	5,053	5,223
7. Consideration for bonds and stocks disposed of	2,726,666	3,572,167
8. Amortization of premium	54,462	
9. Book/adjusted carrying value, current period	18,798,518	18,453,684
10. Total valuation allowance		
11. Subtotal (Lines 9 plus 10)	18,798,518	18,453,684
12. Total nonadmitted amounts		
13. Statement value (Lines 11 minus 12)	18,798,518	18,453,684

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book / Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book / Adjusted Carrying Value End of First Quarter	6 Book / Adjusted Carrying Value End of Second Quarter	7 Book / Adjusted Carrying Value End of Third Quarter	8 Book / Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1	11,325,272	1,778,938	1,600,000	(19,914)	11,325,272	11,484,296		10,313,453
2. Class 2	4,095,547			(6,997)	4,095,547	4,088,550		4,963,670
3. Class 3								
4. Class 4								
5. Class 5								
6. Class 6								
7. Total Bonds	15,420,819	1,778,938	1,600,000	(26,911)	15,420,819	15,572,846		15,277,123
PREFERRED STOCK								
8. Class 1								
9. Class 2								
10. Class 3								
11. Class 4								
12. Class 5								
13. Class 6								
14. Total Preferred Stock								
15. Total Bonds & Preferred Stock	15,420,819	1,778,938	1,600,000	(26,911)	15,420,819	15,572,846		15,277,123

NONE Schedule DA - Parts 1 and 2

NONE Schedule DB - Part F - Section 1

NONE Schedule DB - Part F - Section 2

NONE Schedule S

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

		1	2	Direct Business Only Year to Date					
				3	4	5	6	7	8
State, Etc.		Guaranty Fund (Yes or No)	Is Insurer Licensed (Yes or No)	Accident and Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life and Annuity Premiums and Deposit-Type Contract Funds	Property/Casualty Premiums
1.	Alabama	AL	NO						
2.	Alaska	AK	NO						
3.	Arizona	AZ	NO						
4.	Arkansas	AR	NO	26,065,711					
5.	California	CA	NO						
6.	Colorado	CO	NO						
7.	Connecticut	CT	NO						
8.	Delaware	DE	NO						
9.	Dist. Columbia	DC	NO						
10.	Florida	FL	NO						
11.	Georgia	GA	NO						
12.	Hawaii	HI	NO						
13.	Idaho	ID	NO						
14.	Illinois	IL	NO						
15.	Indiana	IN	NO						
16.	Iowa	IA	NO						
17.	Kansas	KS	NO						
18.	Kentucky	KY	NO						
19.	Louisiana	LA	NO						
20.	Maine	ME	NO						
21.	Maryland	MD	NO						
22.	Massachusetts	MA	NO						
23.	Michigan	MI	NO						
24.	Minnesota	MN	NO						
25.	Mississippi	MS	NO						
26.	Missouri	MO	NO						
27.	Montana	MT	NO						
28.	Nebraska	NE	NO						
29.	Nevada	NV	NO						
30.	New Hampshire	NH	NO						
31.	New Jersey	NJ	NO						
32.	New Mexico	NM	NO						
33.	New York	NY	NO						
34.	North Carolina	NC	NO						
35.	North Dakota	ND	NO						
36.	Ohio	OH	NO						
37.	Oklahoma	OK	NO						
38.	Oregon	OR	NO						
39.	Pennsylvania	PA	NO						
40.	Rhode Island	RI	NO						
41.	South Carolina	SC	NO						
42.	South Dakota	SD	NO						
43.	Tennessee	TN	NO						
44.	Texas	TX	NO						
45.	Utah	UT	NO						
46.	Vermont	VT	NO						
47.	Virginia	VA	NO						
48.	Washington	WA	NO						
49.	West Virginia	WV	NO						
50.	Wisconsin	WI	NO						
51.	Wyoming	WY	NO						
52.	American Samoa	AS	NO						
53.	Guam	GU	NO						
54.	Puerto Rico	PR	NO						
55.	U.S. Virgin Islands	VI	NO						
56.	Canada	CN	NO						
57.	Aggregate other alien	OT	X X X						
58.	Total (Direct Business)	X X X	(a) 0	26,065,711					

DETAILS OF WRITE-INS							
5701.							
5702.							
5703.							
5798.	Summary of remaining write-ins for Line 57 from overflow page						
5799.	Totals (Lines 5701 through 5703 plus 5798) (Line 57 above)						

(a) Insert the number of yes responses except for Canada and other Alien.

NONE Schedule Y - Part 1

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

RESPONSE

1. Will the SVO Compliance Certification be filed with this statement?

Yes

EXPLANATIONS:

BAR CODE:

OVERFLOW PAGE FOR WRITE-INS

NONE Schedule A - Part 2 and 3

NONE Schedule B - Part 1 and 2

NONE Schedule BA - Part 1 and 2

SCHEDULE D - PART 3

Showing All Long-Term Bonds and Stock Acquired by the Company During the Current Quarter

[illegible]

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues 0 ..

SCHEDULE D - PART 4

Show All Long-term Bonds and Stock Sold, Redeemed or Otherwise Disposed of by the Company During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22
										11	12	13	14	15							
CUSIP Ident- ification	Description	F o r e i g n	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consid- eration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amort- ization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Maturity Date	NAIC Desig- nation or Market Indicator (a)
912828AE0	U S Treasury Note		06/08/2004	Market		1,601,750	1,600,000.00	1,616,450							1,600,000		1,750	1,750		06/30/2004	1
0399999	Subtotal - Bonds - U.S. Governments				X X X	1,601,750	1,600,000.00	1,616,450							1,600,000		1,750	1,750		X X X	X X X
6099997	Subtotal - Bonds - Part 4				X X X	1,601,750	1,600,000.00	1,616,450							1,600,000		1,750	1,750		X X X	X X X
6099998	Summary Item for Bonds Bought and Sold this Quarter				X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X
6099999	Total Bonds				X X X	1,601,750	1,600,000.00	1,616,450							1,600,000		1,750	1,750		X X X	X X X
7499999	Totals					1,601,750	X X X	1,616,450							1,600,000		1,750	1,750		X X X	X X X

(a) For all common stock bearing the NAIC market indicator "U" provide: the number of such issues 0 .

NONE Schedule DB - Part A and B - Section 1

NONE Schedule DB - Part C and D - Section 1

